

**To the Mayor and Members of the City Council****March 29, 2016****Page 1 of 2****SUBJECT: REQUEST FOR PROPOSAL (RFP) – INDEPENDENT EXTERNAL  
AUDIT SERVICES**

The Department of Financial Management Services is currently preparing a Request for Proposal (RFP) for External Audit Services. Services provided under this engagement allow the City to ultimately publish our Comprehensive Annual Financial Report. Properly performed audits play a vital role in the public sector by helping to preserve the integrity of public finance functions through maintaining citizens' confidence in their elected leaders and local governments. The audit will include evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. The audit will also include tests of the City's compliance with certain provisions of laws, regulations, contracts, and grant management.

The City's last RFP (#10-0401) process for external audit services was conducted in May of 2010. Deloitte and Touche, LLP was awarded this engagement and currently provides all external audit services for the City. The current contract with Deloitte and Touche, LLC began for the fiscal year ending 2010 and expires with the completion of the fiscal year 2015 engagement. Costs associated with these services are approximately \$1.4 million per year.

Both state law and the City Charter require an annual audit of the City. In addition to financial matters, the Charter requires that the audit include certification of all statements required under the Charter provision that governs the Annual Appropriations Ordinance.

The City's Independent Auditors will also evaluate the City's compliance with the Public Funds Investment Act (the Act). The Act regulates the investment activities of State agencies and local governments. Material instances of non-compliance will be noted by the auditors and reported to City management and our elected officials.

The scope of the independent audit will encompass not only the fair presentation of the basic financial statements, but also the fair presentation of the financial statements of individual funds. The cost of extending full audit coverage to the financial statements of individual funds and component units will be reviewed for reasonableness based upon the additional degree of assurance provided.

As recommended by the Government Finance Officers Association (GFOA), the City will undertake a full-scale competitive process for the selection of independent auditors. Auditor independence is enhanced by a policy requiring that the independent auditor be replaced at the end of the audit contract, as is often the case in the private sector. Although the City does not have a formal policy in place requiring the external auditors to be replaced after each term, staff concurs with the recommendation to do so. The audit procurement process will be structured so



**To the Mayor and Members of the City Council**

**March 29, 2016**

**Page 2 of 2**

**SUBJECT: REQUEST FOR PROPOSAL (RFP) – INDEPENDENT EXTERNAL  
AUDIT SERVICES**

that the principal factor in the selection of an independent auditor is the auditor's ability to perform a quality audit.

The Department of Financial Management Services has selected a review panel consisting of the CFO, the Assistant Director of Finance - Accounting, the Assistant Director of Finance - Financial Reporting, the Internal Auditor (or her designee), and two representatives from departments. The review panel is responsible for reviewing all bids received and will develop a recommendation to City Council based upon the services needed and the scope of the RFP.

**CALENDAR FOR RFP**

The timeframe for the new RFP process is as follows:

- Development: March 14, 2016 – April 6, 2016
- Advertising: April 6, 2016 – May 5, 2016
- Selection: May 5, 2016 – May 30, 2016
- Negotiations and Council Approval: May 30, 2016 – June 21, 2016
- Auditor start date – July 1, 2016

The standard communication process for advertising RFPs is as follows:

- Advertise in local newspaper for a minimum of 28 days
- Place the RFP information on the City's website
- Send out electronic communication to the vendors that are registered with the City

If you have any questions, please call Aaron Bovos, Chief Financial Officer, at 817-392-8517.

**David Cooke  
City Manager**